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annual report

1963

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

board of directors

R. C. BERKINSHAW, C.B.E., TORONTO

P. P. DAIGLE, MONTREAL

A. W. DENNY, TORONTO

R. DEYOUNG, AKRON

W. E. ECCLESTONE, TORONTO

HOWARD L. HYDE, AKRON

A. DEANE NESBITT, O.B.E., D.F.C., MONTREAL

L. E. SPENCER, TORONTO

E. J. THOMAS, AKRON

officers

L. E. SPENCER, *President and General Manager*

A. W. DENNY, *Vice-President, Production*

W. E. ECCLESTONE, *Vice-President, Sales*

D. C. CARLISLE, *Treasurer*

K. E. KENNEDY, Q.C., *Secretary and General Counsel*

H. A. BRUNDAGE, *Comptroller*

C. E. CLARKE, *Assistant Treasurer*

A. E. ROBINETTE, Q.C., *Assistant Secretary*

C. W. J. EVANS, *Assistant Comptroller*

D. F. CATTO, *Assistant Comptroller*



general offices

NEW TORONTO, ONT.

factories

NEW TORONTO, ONT.

BOWMANVILLE, ONT.

ST. HYACINTHE, QUE.

QUEBEC CITY, QUE.

MEDICINE HAT, ALTA.

branches

MONCTON, N.B., 607 St. George St.

QUEBEC CITY, QUE., 1225 Charest Blvd. West

MONTREAL, QUE., 5700 Cote de Liesse Rd.

TORONTO, ONT., 650 Kipling Ave. South, Toronto 18

WINNIPEG, MAN., 1725 Sargent Avenue

REGINA, SASK., 2410 Dewdney Ave.

SASKATOON, SASK., 2035 First Ave. North

CALGARY, ALTA., 238-11th Ave. East

EDMONTON, ALTA., 11330-143rd St.

VANCOUVER, B.C., 2625 Rupert St.

wholesale distributor

ST. JOHN'S, NFLD.

A. E. Hickman Company Limited

Annual Report of the Directors

To the Shareholders:

The consolidated balance sheet of the Company and its subsidiaries as of December 31, 1963 and the consolidated statements of profit and loss and earned surplus showing the results of operations for the year, together with the report of the Company's auditors, Price Waterhouse & Co., are submitted herewith.

The consolidated net income for the year amounted to \$2,576,279 or \$8.98 per common share, as compared with \$1,946,448 or \$6.52 per common share for the year 1962.

Dividends on common stock, totalling \$6.00 per share and amounting to \$1,543,560 were paid during the year. Regular quarterly dividends totalling \$2.00 per share were paid on the 4% preferred shares.

The total cost of salaries, wages and employees' benefits for the year was \$27,138,084, which includes the cost of maintaining the Company's pension, hospitalization and related benefits and group insurance plans amounting to \$2,304,393.

Taxes and duties of all kinds provided in 1963 totalled \$8,253,720, equivalent to \$32.08 per share of issued common stock, as compared with \$7,581,000 or \$29.47 per share in 1962.

Capital expenditures during the year for expansion, improvements and replacements of property, totalled \$4,078,922 and depreciation amounted to \$2,953,966.

Working capital amounted to \$27,095,139 and the ratio of current assets to current liabilities is 4.2 to 1 compared with 5.1 to 1 at the end of 1962.

Inventories of raw materials, work in process and finished goods have been thoroughly reviewed and valued on the basis of the lower of average cost or market.

A new record for sales volume and tonnage was established in 1963 with substantial gains in nearly all divisions of the business. Factors helping to set the new sales record were the increased delivery of tires and other rubber products to the automobile industry, the growing Canadian replacement market, and the market for general products.

Like many other industries, changes in tire and other automotive product distribution patterns continue to develop. Your Company is meeting these opportunities with new marketing plans and programs and has obtained substantial new outlets for its own brands and for private brand products, both in tires and in the non-tire general product areas.

Improvements of our existing product lines and introduction of new products provided our customers with even greater values.

Today's Goodyear tires provide the greatest margin of safety, riding comfort, quietness, ease of handling and wear ever attained. New materials, improved methods of construction and quality control procedures enable us to achieve the closest tolerance and precision ever realized in tire construction.

Tire buyers today look for quality, reputation, value and service — and, Goodyear provides all four through the largest network of sales outlets in the industry.

To supply the growing thousands of customers who desire our many products, sizeable expenditures for expansion and modernization were carried out with additions of the latest and most efficient production equipment in all plants.

The many favorable factors and opportunities for us in the economic outlook as we enter 1964 justify a continuation of our expansion and modernization programs in all product lines and in the field of distribution.

To the thousands of our dealers and to the men and women in our plants, offices, warehouses, branches and stores throughout the country, we express our thanks and appreciation for their cooperation and assistance in achieving a new record in output and sales as well as for the improvement in profits realized under the most severe competitive conditions in the history of the industry.

Continued tight controls of all kinds of costs are necessary if our profit position is to improve to a more satisfactory level. Our 1963 performance was most encouraging in achieving substantial progress towards this objective.

As we enter 1964, our organization has great enthusiasm and spirit resulting from the fact that we are offering our customers the highest quality and greatest value products in our history, produced in modern and efficient plants and sold through a distribution system that has been up-dated and geared to present-day marketing conditions.

We look forward with confidence that the future will reflect continued growth in all divisions of our industry and our Company.

On behalf of the Board,

A handwritten signature in cursive ink, appearing to read "L E Spencer".

President and General Manager.

February 5, 1964.

THE GOODYEAR TIRE & RUBBER COMPANY

consolidated

assets

	DECEMBER 31 1963	DECEMBER 31 1962
CURRENT ASSETS:		
Cash.....	\$ 2,068,013	\$ 2,705,813
Accounts receivable, less provision for bad debts — 1963 — \$665,247; 1962 — \$512,806.....	12,992,508	11,626,029
Inventories at cost or market, whichever is lower.....	20,587,716	19,646,817
TOTAL CURRENT ASSETS.....	\$35,648,237	\$33,978,659
INVESTMENTS AND OTHER ASSETS:		
Shares, Bonds, Mortgages etc. at cost.....	2,283,945	2,389,103
Deferred charges to future operations.....	90,948	172,237
	2,374,893	2,561,340
PROPERTY ACCOUNTS:		
Land, buildings, machinery and equipment, at cost	57,758,422	54,294,796
Less — Depreciation.....	41,222,940	38,798,992
	\$16,535,482	\$15,495,804
	\$54,558,612	\$52,035,803

APPROVED ON BEHALF OF THE BOARD:

L E Spencer

DIRECTOR

R B Beekinshaw

DIRECTOR

ANADA, LIMITED AND SUBSIDIARY COMPANIES

alance sheet

liabilities

	DECEMBER 31 1963	DECEMBER 31 1962
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities.....	\$ 6,493,043	\$ 5,851,301
Accrued income and other taxes payable.....	1,993,642	795,929
Preferred stock dividend payable.....	66,413	67,239
TOTAL CURRENT LIABILITIES	\$ 8,553,098	\$ 6,714,469
SHAREHOLDERS' EQUITY:		
Capital Stock:		
Four per cent, Cumulative Redeemable Sinking Fund Preferred Shares (par value \$50 per share; redeemable on call at \$53 per share):		
Authorized and outstanding—1963—132,825 shares; 1962 — 134,477 shares.....	6,641,250	6,723,850
Common shares, no par value:		
Authorized — 290,660 shares; issued — 257,260 shares.....	128,630	128,630
Capital Surplus.....	692,350	692,350
Earned Surplus.....	38,543,284	37,776,504
	46,005,514	45,321,334
	\$54,558,612	\$52,035,803

consolidated profit and loss statement

	Year ended December 31	
	<u>1963</u>	<u>1962</u>
Profit from operations before providing for depreciation and income taxes	\$ 7,382,806	\$ 5,883,168
Income from investments	119,090	153,032
	<hr/>	<hr/>
	7,501,896	6,036,200
Deduct:		
Provision for depreciation	2,953,966	2,578,208
Provision for income taxes	1,971,651	1,511,544
	<hr/>	<hr/>
	4,925,617	4,089,752
Net Profit for the year	<hr/>	<hr/>
	\$ 2,576,279	\$ 1,946,448

consolidated earned surplus statement

	Year ended December 31	
	<u>1963</u>	<u>1962</u>
Balance at beginning of year	\$37,776,504	\$37,643,141
Net Profit for the year	2,576,279	1,946,448
	<hr/>	<hr/>
	40,352,783	39,589,589
Deduct:		
Dividends:		
On four per cent. preferred shares	265,939	269,525
On common shares	1,543,560	1,543,560
	<hr/>	<hr/>
	1,809,499	1,813,085
Balance at end of year	<hr/>	<hr/>
	\$38,543,284	\$37,776,504

notes to consolidated financial statements

1. The accounts receivable at December 31, 1963 include \$777,981 due from affiliated companies and \$1,306,979 due to affiliated companies is included in accounts payable. These balances represent current accounts arising in the normal course of business.
2. Rentals payable under leases expiring more than three years from December 31, 1963 aggregate approximately \$761,000 annually.

auditors' report

PRICE WATERHOUSE & CO.

55 Yonge Street
Toronto 1

January 27, 1964

To the Shareholders of

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED:

We have examined the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31, 1963 and the consolidated statements of profit and loss and earned surplus for the year ended on that date. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of profit and loss and earned surplus present fairly the consolidated financial position of the companies as at December 31, 1963 and the results of their operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Chartered Accountants.

THE NO LIMIT GUARANTEE



GOODYEAR'S NATION-WIDE NO LIMIT ROAD HAZARD AND QUALITY GUARANTEE FOR AUTOMOBILE TIRES

Every new automobile tire of our manufacture, except racing tires, bearing our name and serial number, and not bonded or stamped "Second", is guaranteed during its original tread life to be free from defects in workmanship and material and to withstand normal road hazards without limit as to time or mileage. "Normal road hazards" for the purpose of this guarantee consist of blowouts, fabric breaks and cuts encountered under normal driving conditions which render the tires unserviceable, with the exception of ordinary repairable punctures, but do not include such causes of loss or damage as fire, theft, wreck or collision, tire injury caused by running flat or wheel misalignment, or any willful abuse.

Automobile tires used on trucks are excluded from this guarantee.

The Road Hazard portion of this guarantee is applicable only in Canada and the U.S.A.

If our examination shows such tire has failed under the terms of this guarantee, we will, at our option, either repair or make a reasonable allowance on the purchase of a new tire based on the then current "Goodyear Price". Any such allowance on a tire will be based on the original tread depth remaining. This guarantee is made for the exclusive benefit of the owner actually using these products, is not assignable, and no claim hereunder will be recognized unless submitted on our standard claim form duly filled out and signed by the owner.

This guarantee does not in any way extend to consequential damage resulting from either a defect or road hazard injury.

There is no other guarantee, warranty or liability, express or implied, applicable to these products. No representative has authority to make any representation, promise or agreement except as stated herein.

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

BR 208 REV.

Goodyear again leads the Industry in Customer Service

A Story of Co-operation

A major development in the rubber industry in 1963 was the introduction by Goodyear of the new, nation-wide, No-Limit Road Hazard and Quality Guarantee for all types of auto tires. Breaking with tradition, this sensational move made history in the tire manufacturing field.

Never before had there been a tire guarantee of this magnitude, with no limit as to miles, no limit as to time, and no limit on the kind of roads or speeds. A welcomed feature was the elimination of certificates for warranty adjustments.

This comprehensive plan gave motorists complete worry-free driving, with service provided by the vast network of dealers throughout Canada and the United States.

To support such a plan requires top quality materials, craftsmanship of the highest calibre, and modern methods and equipment. Sales and service staffs must be enthusiastic and energetic. At Goodyear we are fortunate. Our people and our products stand second to none.

The success of this No Limit Guarantee is assured through the co-operation of approximately 5,000 employees in the various Goodyear divisions — making it a real team effort.

It is with gratification that the Company . . . the only major Canadian rubber manufacturer to report the results of its operations to its shareholders and the public . . . considers the No Limit Guarantee a major factor in its continued expansion and progress.

The Company's impressive record is made possible only by the teamwork, spirit and ability of all employees, dealers and distributors.



Goodyear's greatest asset . . . its people

